

# Memorandum

To: Panel Members Date: March 27, 2003

From: Charles Rufo, Manager Analyst: S. Joyce  
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Atlas Pacific Engineering Company, Inc.**  
www.atlaspacific.com

## **CONTRACTOR:**

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Developed jointly by management and workers  
Moving to a High Performance Workplace
- Type of Industry: Manufacturing and Service
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 360
  - In California: 85
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: International Association of Machinists and Aerospace Workers Union District Lodge No. 190 of Northern California

## **CONTRACT:**

- Program Costs: \$53,248
- Substantial Contribution: \$0
- Total ETP Funding: \$53,248
- In-Kind Contribution: \$90,720
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Fresno, Merced, San Joaquin and Stanislaus
- Duration of Agreement: 24 months

**SUBCONTRACTORS:**

Parker, Land and Associates, Oakdale, California, at a cost of \$2,500 for development of the proposal.

**THIRD PARTY SERVICES:**

Parker, Land and Associates, Oakdale, California, at a cost of \$6,860 for project administration.

**NARRATIVE:**

The California Manufacturing Technology Association (CMTA) brought this project to the Panel.

Atlas Pacific Engineering Company, Inc. (Atlas Pacific) is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416 (a) by producing a product that is sold inside and outside of California at its Modesto plant.

Atlas Pacific, founded in 1943, began as a supplier of components to the food processing industry. Currently, Atlas Pacific manufactures and leases the fruit processing equipment to companies in 23 countries around the world. The Modesto facility employs 45 full-time employees, 16 of whom are mechanics in this application and four are clerical staff. The employees are based in Modesto, but during the processing season the mechanics work at the site that leases the company's equipment. These sites are located in Lodi, Los Banos, Kingsburg, and Modesto, California. According to Atlas, since the mechanics are out-stationed and are essentially the leads in the maintenance and operation of the new equipment, they must have a solid understanding of the equipment and be totally proficient in the event of a technical breakdown which may necessitate dismantling and rebuilding of the equipment during the high volume processing season.

Atlas Pacific representatives state they have recently invested over \$3 million in developing the new processing equipment. For the first time, the new processing equipment utilizes pneumatics and hydraulics. Production volume and product value from the fruit processing equipment require trained personnel to operate the machines at peak performance, with no downtime. This ETP-funded training will allow Atlas Pacific to train the current mechanics to become proficient in the operation of the new technology. Due to recent retirements of experienced mechanics, Atlas Pacific lost years of experience in equipment knowledge. The journey level replacements are knowledgeable, but lack experience in the skills specific to this industry. Implementation of a classroom-training program is needed to give journey level employees skills on the new processing equipment.

To accomplish the goals, Atlas Pacific has developed the following training plan:

**Manufacturing Skills** training will be offered to mechanics. Atlas Pacific purchased new pitting and coring machines in 2002 offering basic training to mechanics. Atlas states that this equipment and the product line it serves are much more sophisticated than the designs from previous years, which were mechanical in nature using grease or oil based lubricants and virtually no electronics or pneumatics. The new equipment is electro-pneumatic controlled with onboard computers for monitoring and controlling all functions. The company's goal of this training is to raise efficiencies and minimize operation problems through increased knowledge of the new processing equipment.

**NARRATIVE:** (continued)

**Continuous Improvement** training will be offered to all trainees. Skill development in decision-making, problem solving, process improvement, dealing with difficult people and leadership will result in the trainees increased ability to: analyze internal processes; make decisions on what process to improve; communicate effectively; and deal with difficult situations with confidence. Quality and process control skills are planned to offer employees the tools necessary to meet the customers' quality expectations.

**Computer Skills** training will be offered to all trainees. Atlas Pacific Engineering recently purchased and installed new computers at its home office and at the sites where its processing equipment is located. The technology and sophistication of the new computers requires upgraded skills for the office staff and the mechanics. Until now, Atlas Pacific has relied on whatever skills employees possessed when hired or skills they have learned independently. Improved computer skills will allow clerical trainees to upgrade the order processing and administrative procedures. Mechanics and clerical staff will be able to use the new computers and software to track machinery processes in real time, trouble-shoot and repair equipment.

**Supplemental Nature of Training**

Past training with Atlas Pacific was delivered on-the-job, in a job shadowing and O-J-T format. The proposed training program will place employees in a classroom setting with an instructor delivering formalized lessons. This will be followed by a laboratory where lessons learned in the classroom are linked with demonstration and hands-on instruction in tear down and reassembly of the equipment.

Without assistance from ETP, the proposed training would not occur in this formalized manner and would continue to be delivered using the current O-J-T training method with limited classroom involvement. As a follow-up to the ETP-funded training, Atlas Pacific will spend approximately 300 hours per mechanic in on-the-job training that is directly tied to the classroom and laboratory training.

**In-Kind Contribution**

Atlas Pacific Engineering will contribute approximately \$90,720 in wages for employees during ETP-funded training.

**COMMENTS:**

**Request for Waiver of 200-Hour Cap**

The company is requesting a waiver to the 200-hour training limit for 4 recently hired retrainees to receive a total of 400 hours of training at a cost of \$5,200 per trainee. These retrainees are journey level mechanics, but they lack experience specific to the equipment operated by Atlas Pacific mechanics. Atlas states the training plan is designed to ensure they receive the in-depth and intense training needed to install, operate, and maintain the new technologically advanced equipment that will be installed at the clients' work site.

Panel staff considered a phase-in approach, where a proposal containing over 200 hours may be later amended to increase the number of hours.

**COMMENTS:** (continued)

Due to the concentrated delivery of this training, the company will not have sufficient time for a phase-in approach without interrupting the continuity of the training. Atlas Pacific plans to follow-up the ETP-funded training with an additional 4,800 hours of on- the-job training at no cost to ETP. Staff recommends that the Panel waive its policy of a 200-hour maximum for retraining Agreements for four mechanics in this proposal.

**PROPOSED ACTION:**

Staff recommends that the Panel waive its 200-hour cap and approve the One-Step Agreement if funding is available and the project meets the Panel priorities. The recommendation is based on Atlas Pacific's stated need to provide its employees with Manufacturing Skills, Continuous Improvement, and Computer Skills required to maintain its competitive edge, improve its manufacturing processes, and increase its level of customer satisfaction, allowing Atlas Pacific to remain viable in the California economy.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retrainees	Computer Skills Continuous Improvement Manufacturing Skills	4	400	0	0	\$5,200	\$15.63 - \$27.49
Jobs 2, 3 Retrainees	Computer Skills Continuous Improvement Manufacturing Skills	12	52-200	0	0	\$676-\$2,600	\$15.47-\$33.58
Job 4 Retrainees	Computer Skills Continuous Improvement	4	48	0	0	\$520	\$15.47-\$33.58
						<b><u>Range of Hourly Wages</u></b> \$15.47-\$33.58	
						<b><u>Prevalent Hourly Wage</u></b> \$20.82	
						<b><u>Average Cost per Trainee</u></b> \$2,642	
<b><u>Health Benefit used to meet ETP minimum wage:</u></b> Although the company pays health benefits for its employees, the hourly contribution is not being used to meet ETP minimum wage requirements.						<b><u>Turnover Rate</u></b> 4.8%	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b> 0%

Atlas Pacific Engineering Company, Inc.  
Menu Curriculum

Class Lab Hours: 48-400

Manufacturing Skills

Pear Machinery: Overhaul, Setup and Operation Skills

Peeling

Coring

Seed Celling

Slicing

Peach Machinery: Overhaul, Setup and Operation Skills

Pitters

Aligners

Infeeds

Gearbox

Repitting

Continuous Improvement Skills

Quality Control

Dealing with difficult people/situations

Production Operations

Process Improvement

Leadership, supervision

Decision Making

Problem Solving

Computer Skills

Beginner and Intermediate Microsoft Office

Professional (Access, Excel, and Word)

Atlas Pacific Engineering Inventory Control System